

Digital radio technology can double broadcast sector's revenue in 5 years: ICEA-EY Report

- ◆ Radio stations will go up from less than 300 today to over 1,100 without additional spectrum
- ◆ Mass adoption cannot happen without the support of Mobile Ecosystem.

New Delhi, 04th August, 2022 : The adoption of digital radio technology will help the broadcast sector double their revenues within five years to INR 123 billion (12,300 crore), according to a report prepared by the India Cellular and Electronics Association (ICEA) and EY.

The report shows that digital radio broadcasting can be extremely beneficial for all the stakeholders in the sector -- broadcasters, listeners, advertisers and the regulators -- and can help the FM radio segment boost revenues. This comes at a time when, the FM radio segment has been struggling to generate robust revenues over the past few years.

It would lead to more advertising inventory to sell with the ability to charge higher rates based on segmented audiences. Given that the digital radio system can provide listenership data, broadcasters can build trust and eventually grow revenues.

Cost optimization is another major factor of these technologies for the broadcasters as their transmitters use significantly less power as compared to analogue radio transmitters.

India has also tested two technologies – HD Radio and Digital Radio Mondiale (DRM), for the Digital Broadcasting in FM band

Commenting on the digital radio space, **Shri Apurva Chandra, Secretary, Union Ministry of Information & Broadcasting** said: “*****”

Mr. Pankaj Mohindroo, Chairman, ICEA, stated “India is a heterogeneous market and provides audience segments with differing tastes as well as payment capabilities. Digital broadcast radio has the ability to cater to segments of entry level smartphone and several hundred million feature phone users to receive enhanced services in areas of health, education, emergency and weather which by complementing data networks decongest them. Communication usage with IOT devices are next steps envisaged in the pipeline too.

“Citing the report, Mohindroo said that digital technologies would go a long way in widening the network of broadcast infrastructure in the country and the number of radio stations would grow multifold from the current numbers of less than 300 to over 1,100 without any additional spectrum.”

Mr. Ashish Pherwani, Partner, EY LLP (India) said: “Digital radio can provide a much-needed boost to the Indian radio segment. As a free-to-air medium, radio plays a very vital role in India informing and educating its people. Systemic issues around measurement, reach, operating models, competing products, and COVID-19 impacted the segment with falling revenues and shrinking opportunities. Digital radio can help grow the radio segment in India by 3x over 5

years, if implemented keeping in mind the requirements of various stakeholders and with the correct policy support.”

From the perspective of the listeners, the report showed that the options of channels would grow significantly. Around 4x more channels are possible within the same frequency which can provide more options to listeners. Further, the technology is broadcast-centric, and consumers would not have to pay any data charges. Quality would also enhance as it provides a better listening experience than analogue transmission -- across both audio quality and user interface.

Digital technologies would also bring about major reforms for the regulators as it would result in optimum use of scarce spectrum in the middle and long term and lead to increased taxes from increased revenues. It would also allow the authorities to use digital radio infrastructure for emergency warnings and traffic information.

The report prepared by ICEA and EY noted that a complete transition from analogue to digital radio infrastructure would take three to five years. Radio broadcasters cannot enable a switch-on-switch-off transition to digital radio as they are dependent on linear FM reach for their revenues which would mean that analogue and digital broadcasting will need to exist in parallel till adequate reach is achieved.

Consequently, for some years there would be no spectrum saving, said the report.

The report has recommended innovation around cost-effective chipsets, antennas and software to drive quicker adoption of digital radio. It has also said that competing products using low bandwidth data and consensus on music royalties are issues which need to be addressed.

About ICEA: ICEA is the apex industry body for the mobile and electronics industry comprising manufacturers, brand owners, technology providers, VAS application & solution providers, distributors, and retail chains of mobile handsets and electronics. ICEA is committed to carrying forward its vision of building Indian manufacturing and design in verticals other than mobile handsets while consolidating the gains made in the mobile handset and components industry. ICEA is fully devoted towards improving the competitiveness and growth of the industry by closely working with the ministries of the Government for creating a robust, legal, and ethical electronics industry, thereby creating an innovative market environment in the country.

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